

STATE OF CALIFORNIA
ELECTRICITY OVERSIGHT BOARD



Gray Davis, Governor

February 26, 2002

VIA UPS NEXT DAY AIR

Hon. Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

**Re: California Electricity Oversight Board v. Sellers of Energy and
Capacity Under Long-Term Contracts with the California
Department of Water Resources
Docket No. EL02-62-000**

ERRATA

Dear Ms. Salas:

This California Electricity Oversight Board ("California Board") hereby files this Errata to its Complaint filed on February 26, 2002 in the above-referenced proceeding. The errata corrects the "Table of Cost and Cost Excess" ("Table") found at page 32 of Volume 1 of the Complaint. The Table demonstrates the dollar amount by which certain long-term power purchase contracts between the California Department of Water Resources ("CDWR") and electricity suppliers exceed a competitive benchmark price. In the Table, the sum, in both nominal and present value dollars, is correct with respect to the column entitled "Excess: CDWR minus Benchmark." However, the annual subtotals of the "Excess: CDWR minus Benchmark" column, derived by subtracting the "Competitive Benchmark Costs" column (third column) from the "CDWR Contract Costs" column, are incorrect. A new page 32 with corrected Table is attached as Exhibit A.

The error occurred by incorrectly including values relating to an alternative calculation of "Competitive Benchmark Costs." As described in the Complaint (pp. 31-33), the Table reflects a conservative (comparatively favorable to generators) set of assumptions regarding the cost of competitive resources. The California Board also performed an analysis using less conservative assumptions. That calculation if included in the Complaint would have increased excess costs under the CDWR contracts from approximately \$13 billion to \$18.5 billion. A table reflecting the calculations under this less conservative methodology is attached as Exhibit B.

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The California Board did not include the alternative analysis in its Complaint and submits Exhibit B simply for information purposes only. Rather, the California Board only included the Table reflecting the conservative case out of a belief that, although a more dramatic figure could be supported, it more than adequately demonstrates the unjust and unreasonable magnitude of excess costs under even a conservative set of assumptions.

Thank you for your assistance.

Sincerely,

Grant A. Rosenblum
Staff Counsel
Electricity Oversight Board

Enclosures

cc: Parties Listed in Appendix A to the Complaint in EL02-62-000